



STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center

Newark, NJ 07102

www.bpu.state.nj.us

IN THE MATTER OF THE PETITION OF NEW)
EDGE NETWORKS, INC. D/B/A NEW EDGE)
NETWORK FOR AUTHORITY TO PARTICIPATE)
IN CERTAIN FINANCING ARRANGEMENTS)

TELECOMMUNICATIONS

ORDER OF APPROVAL

DOCKET NO: TF01040251

(See Attached Service List)

BY THE BOARD:

New Edge Networks, Inc. d/b/a New Edge Networks (New Edge or Petitioner), a public utility subject to the jurisdiction of the New Jersey Board of Public Utilities (the Board), filed a petition on April 16, 2001, pursuant to N.J.S.A. 48:3-7 and 48:3-9, requesting approval to participate in certain financing transactions, up to \$165 million in debt financing which includes senior secured debt facilities and the establishment of a revolving credit agreement under a Credit Agreement between New Edge Holding Company, Petitioner's corporate parent, and First Union Bank.

Petitioner is a privately-held Delaware corporation with principal offices located at 3000 Columbia House Boulevard, Suite 106, Vancouver, Washington 98661. Petitioner is authorized to provide facilities-based local exchange and interexchange telecommunication services throughout of the State of New Jersey pursuant to a Board Order dated March 27, 2000 in Docket No. TE99100774.

As currently planned, New Edge will have access of up to \$165 million through a combination of revolving credit and loans under the Credit Agreement secured in part by a guarantee of New Edge's corporate parent and a security interest in New Edge's assets. A portion of the funds borrowed under the Credit Agreement will be utilized to consolidate and refinance existing loans of New Edge. The Credit Agreement will enable Petitioner to better utilize its available funds to bring its services to new markets and allow more consumers to benefit from its competitive services more quickly and efficiently.

By letter dated January 15, 2003, the New Jersey Division of the Ratepayer Advocate recommended that the Board approve the petition.

The Staff's review indicates that the Credit Agreement is in accordance with law and that the use of the proceeds associated therewith is appropriate. Moreover, while there is no guarantee in this regard, especially given the competitive environment in which Petitioner operates, the Board is satisfied that the transactions will not have an adverse impact on Petitioner's operations in New Jersey.

After review the Board FINDS that the transaction to be made in accordance with the law, is in the public interest, and approves the purposes thereof. The Board HEREBY AUTHORIZES Petitioner to participate in the financing arrangements described herein.

This Order is issued subject to the following provisions:

1. This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioner.
2. Petitioner shall semiannually file statements for the amounts, use of the amounts and use of the credit facilities pursuant to N.J.A.C. 14:1-5.9 (b).
3. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents, a default or assignment under such agreement does not constitute automatic transfer of Petitioner's assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.

4. This Order shall not affect, or in any way limit the exercise of the authority of this Board, or of the State, in any future petitions or in any proceeding with respect to rates, franchises, services, financing, accounting, capitalization, depreciation or any other matters affecting the Petitioner.

DATED: April 11, 2003

BOARD OF PUBLIC UTILITIES
BY:

[SIGNED]

JEANNE M. FOX
PRESIDENT

[SIGNED]

FREDERICK F. BUTLER
COMMISSIONER

[SIGNED]

CAROL J. MURPHY
COMMISSIONER

[SIGNED]

CONNIE O. HUGHES
COMMISSIONER

[SIGNED]

JACK ALTER
COMMISSIONER

ATTEST:

[SIGNED]
KRISTI IZZO
SECRETARY